

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6856

BILL NUMBER: HB 1219

NOTE PREPARED: Jan 6, 2009

BILL AMENDED:

SUBJECT: Grain Buyers and Warehouse Licensing.

FIRST AUTHOR: Rep. Pearson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill makes various changes regarding the Grain Buyers and Licensing Warehouse Agency. It makes changes to the definition of "warehouse". It provides procedures for an annual renewal of an application. It increases licensing fees. It authorizes the Grain Buyers and Warehouse Licensing Agency to assess penalties for late application renewals. It allows the Director of the Grain Buyers and Warehouse Licensing Agency to prorate certain annual licensing fees. It provides that the Grain Buyers and Warehouse Licensing Agency may disclose the names of grain buyers or warehouses and the county where they are located. The bill also allows the Grain Buyers and Warehouse Licensing Agency to accept other forms of surety to show a grain buyer's or warehouse's net worth.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Indiana Grain Buyers and Licensing Warehouse Agency:* This bill provides procedures for annual license renewals for grain banks, warehouses, grain buyers, and buyer-warehouses. The Agency is required to mail the renewal applications by first class to licensees before their licenses expire. First class mail starts at \$0.42 per piece of mail and is based on weight and shape. The Agency currently sends the renewal applications by standard mail, which varies based on weight. There will be 297 renewal applications mailed to grain banks, warehouses, grain buyers, and buyer-warehouses, which would cost at least \$125 if mailed first class.

The bill also allows the Agency to assess penalties for late application renewals, and prorate certain annual licensing fees. The Agency may disclose the names and counties of grain buyers and warehouses, and accept other forms of surety to show net worth as approved by the Director. The Agency's current level of resources should be sufficient to implement these provisions.

Explanation of State Revenues: Summary: This bill increases facility licensing fees, which are deposited in the state General Fund. In FY 2008, \$150,583 was collected in licensing fees. By increasing licensing fees and providing for penalties for late application renewals, revenue should increase by approximately \$112,200. However, the penalty fees may not provide much additional revenue because they probably will discourage late application renewals.

Background Information: The table below provides the changes to facility license fees for grain banks, warehouses, or buyer-warehouses. It is estimated that these changes will increase revenue by approximately \$50,900.

Storage Capacity (in bushels)	New License Fee		Current License Fee	
	First Facility	Additional Facility	First Facility	Additional Facility
250,000	\$350	\$100	\$250	\$50
250,000 - 1 M	\$750	\$100	\$500	\$50
1 M - 10 M	\$1,100	\$100	\$750	\$50
Greater than 10 M	\$1,500	\$100	\$1,000	\$50

The table below provides the changes to license fees for grain buyers, including grain buyers licensed as warehouses under the United States Warehouse Act. The bill adds two groups of grain buyers from whom to assess fees—those with storage capacities between 1 M and 10 M bushels, and those with storage capacities of at least 10 M bushels. It is estimated that these changes will increase revenue by approximately \$61,300.

Storage Capacity (in bushels)	New License Fee		Current License Fee	
	First Facility	Additional Facility	First Facility	Additional Facility
Less than 1 M	\$750	\$100	\$500	\$50
1 M - 10 M	\$1,100	\$100	N/A	N/A
At least 10 M	\$1,500	\$100	N/A	N/A

In addition to increasing the licensing fees, this bill also provides for penalties to be assessed for late renewal applications. If penalties had been assessed for FY 2007, the Agency would have received approximately \$19,900. The penalties are provided in the table below.

Number of Days Late	Penalty
1-15	20% of Renewal Fee
16-30	40% of Renewal Fee
31-45	60% of Renewal Fee
46-60	80% of Renewal Fee
61 or more	100% of Renewal Fee

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Grain Buyers and Warehouse Licensing Agency.

Local Agencies Affected:

Information Sources: U.S. Postal Service, <http://www.usps.com/prices/welcome.htm>; Sarah Simpson, Indiana Grain Buyers and Warehouse Licensing Agency, 317-232-1359.

Fiscal Analyst: Jessica Harmon, 317-232-9854.